

AMENDED IN SENATE SEPTEMBER 8, 2003

AMENDED IN ASSEMBLY JUNE 2, 2003

AMENDED IN ASSEMBLY APRIL 24, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1465

Introduced by Assembly Member ~~Negrete McLeod~~ Chan
(Coauthors: Assembly Members Hancock and Levine)

February 21, 2003

~~An act to add Section 89704.5 to the Education Code, relating to postsecondary education. An act relating to school facilities.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1465, as amended, ~~Negrete McLeod~~ Chan. ~~California State University: independent audit. School facilities: new construction: small schools.~~

~~Existing law requires the Trustees of the California State University to contract with one or more public accounting firms to conduct systemwide and individual campus annual financial statement and compliance audits, and further requires that each campus of the university be audited at least once every 2 years. Existing law authorizes revenue received by the trustees from extension programs, special session, and other self-supporting instructional programs to be transmitted to the Treasurer and deposited in the State Treasury to the credit of the State University Continuing Education Revenue Fund. Existing law provides that these revenues may be pledged for the acquisition, construction, and improvement of facilities for extension~~

~~programs, special session, and other self-supporting instructional programs.~~

~~This bill would require, as a part of the annual independent audit of the California State University, that there be a full accounting of the funds related to the California State University's continuing education program. The bill would require that this component of the audit indicate the total systemwide revenues and expenditures for continuing education programs during the audit year, indicate the current level of retained earnings for continuing education programs, and set forth how much revenue is generated from specified areas of continuing education. The bill would require that this component of the audit also include a detailed report on any continuing education revenues that have been used to support projects such as the acquisition, construction, and improvement of facilities for extension programs, special session, and other self-supporting instructional programs. The bill would prohibit the use of State General Fund moneys for this component of the audit.~~

Existing law, the Leroy F. Greene School Facilities Act of 1998, requires the State Allocation Board to allocate to applicant school districts, prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition. Existing law requires the board to determine an applicant's maximum total new construction grant eligibility under a specified calculation and requires the board to annually adjust the per-unhoused-pupil apportionment to reflect construction cost changes.

Existing law precludes reduction of enrollment projections for a 3-year period, and requires the board to approve a supplemental apportionment, for an applicant school district having an enrollment of 2,500 or less.

This bill would state that it is the intent of the Legislature, through a subsequent enactment, to create incentives for school districts to establish small schools and small learning environments from funds from a school facilities bond approved by the voters after 2004, except that this does not apply to projects funded by the proceeds of bonds approved by the voters in or before 2004.

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~ no. State-mandated local program: no.

The people of the State of California do enact as follows:

~~SECTION 1.—Section 89704.5 is added to the Education Code,~~

SECTION 1. (a) *The Legislature finds and declares all of the following:*

(1) *Research has shown that school size is an important predictor of pupil success, second only to socioeconomic status. The research literature clearly states the superiority of small schools as learning environments. In small schools all of the following occur:*

(A) *Dropout and truancy rates dramatically decrease and graduation rates and postsecondary education enrollment rates increase.*

(B) *Parents are much more likely to be involved in the school and to have greater participation in decisionmaking.*

(C) *Pupils experience a greater sense of belonging and are more satisfied with their schools.*

(D) *Fewer discipline problems occur.*

(E) *Crime, violence, and gang participation decrease.*

(F) *Incidences of alcohol and tobacco abuse decrease.*

(G) *Pupil attendance increases.*

(2) *A recent study of large and small schools in four states has shown that smaller schools reduce the damaging effects of poverty and help pupils narrow the achievement gap between them and pupils from more affluent communities.*

(3) *Reducing school size has also been shown to significantly increase the likelihood of success of school reform efforts. Small schools are more effective at staff development and in implementing new curriculum.*

(4) *Based upon the research on the benefits of small schools, the United States Department of Education has created the Smaller Learning Communities Program and is currently providing a small number of planning and implementation grants to school districts across the country to support the development of small schools and small learning communities.*

(5) *Other states have recognized the value of small schools and have developed state policy to encourage small schools development. In Florida, for example, all schools built after 2003 will be small schools.*

1 (6) Many parent groups and school districts in the state,
2 including Oakland, Sacramento, San Jose, Los Angeles, and San
3 Francisco, have initiated efforts to create small schools. These
4 efforts include the creation of new small schools on new sites as
5 well as the reconfiguration of existing schools into small schools
6 and small learning communities.

7 (7) The trend in California, over the last few decades, has been
8 to build larger and larger schools. For example, in 2000, more
9 than 73 percent of California high schools had more than 1,000
10 pupils and more than 57 percent of middle schools had more than
11 800 pupils.

12 (8) The trend to build large schools has been driven by
13 California's rapidly growing population and by the assumption
14 that large schools are more cost effective.

15 (9) Research, however, has also shown that small schools, due
16 to lower dropout rates and factors such as reduced school violence,
17 can be more cost effective in per pupil spending than large schools.

18 (b) It is therefore the intent of the Legislature to enact changes
19 in state law to create an incentive for school districts to establish
20 smaller learning communities through increasing the state's share
21 of schools facilities funding for the construction of new small
22 schools and for the reconfiguration of existing schoolsites to
23 support smaller learning communities.

24 SEC. 2. (a) It is the intent of the Legislature, through a
25 subsequent enactment, to create incentives for school districts to
26 establish small schools and small learning environments,
27 including measures to provide an increase in state funds that
28 supplement local funds for new construction projects for small
29 schools and small learning environments, from funds from a school
30 facilities bond approved by the voters after 2004.

31 (b) It is not the intent of the Legislature for subdivision (a) to
32 apply to projects funded by the proceeds of bonds approved by the
33 voters in or before 2004.

34 ~~to read:~~

35 ~~89704.5. (a) As a part of the annual independent audit of the~~
36 ~~California State University pursuant to subdivision (e) of Section~~
37 ~~12440.1 of the Government Code, there shall be a full accounting~~
38 ~~of the funds related to the California State University's continuing~~
39 ~~education program. This component of the audit shall indicate the~~
40 ~~total systemwide revenues and expenditures for continuing~~

1 ~~education programs during the audit year, indicate the current~~
2 ~~level of retained earnings for continuing education programs, and~~
3 ~~set forth how much revenue is generated from the following areas~~
4 ~~of continuing education:~~

5 ~~(1) Certificate programs.~~

6 ~~(2) Off-campus degrees.~~

7 ~~(3) Corporate training.~~

8 ~~(4) Online programs and degrees.~~

9 ~~(5) Special emphasis programs.~~

10 ~~(6) Professional development.~~

11 ~~(7) Test preparation.~~

12 ~~(b) This component of the audit shall also include a detailed~~
13 ~~report on any continuing education revenues that have been used~~
14 ~~to support the projects authorized by subdivision (d) of Section~~
15 ~~89704.~~

16 ~~(c) No moneys from the State General Fund may be used for the~~
17 ~~component of the audit of continuing education programs~~
18 ~~prescribed in subdivisions (a) and (b). It is the intent of the~~
19 ~~Legislature that this component of the audit be solely funded from~~
20 ~~the resources available in the State University Continuing~~
21 ~~Education Revenue Fund.~~

